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MARKETING ACTIVITIES

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Marketing Agreements For Fruits and Vegetables

By Floyd F. Hedlund

Consumers are inclined to frown at the word "surplus" as applied to abundant supplies of fresh fruits and vegetables. Because they look upon these foods as being among the necessities of life, rather than as mere items of trade, they will argue feelingly that there can be no surplus as long as people want--and need--the products that are in abundant supply.

Surplus means something else to farmers. That word to them describes a situation in which supplies may temporarily exceed market demand at prices that will give them a fair return on their investment of labor and capital. Like other businessmen, they must operate at a profit or go into bankruptcy. Thus, a surplus to them is a hazard that falls into the same category as hail, tornadoes, drouths, fires, and floods.

Marketing agreement programs, developed by the U. S. Department of Agriculture as one approach to the problem of fresh fruit and vegetable surpluses, reconcile to some extent the divergent viewpoints of consumers and producers. Marketing agreement programs recognize the fact that a surplus of peaches, or oranges, or potatoes is made up of all qualities, from the top grade down to the culls. So the programs seek to keep off the market part or all of the low-quality produce. The idea is to make available to consumers attractive merchandise, which may be sold at a price that will net a fair return to the producer. Volume regulations contained in some marketing agreement programs, have about the same objectives. When shipments approximate what the market can absorb, the spoilage that is characteristic of glutted markets is avoided and a better product for consumers results. Also, when shipments are balanced with market demand, market prices and returns to producers are enhanced.

The Agreements Themselves

Under the terms of the Agricultural Marketing Agreement Act of 1947, the Secretary of Agriculture is empowered to enter into marketing agreements with processors, producers, associations of producers, and others engaged in the handling of <u>any</u> agricultural commodity or product thereof. But--in actual practice--a marketing agreement is ineffective unless backed up by an <u>order</u>, which makes the provisions of a marketing agreement applicable to all handlers in a specified area. And the act provides that orders may be used only for milk and its products, all fresh vegetables, fresh fruits (in the case of apples, only those produced in Washington, Oregon, and California), olives and asparagus for canning, tobacco, pecans, walnuts, soybeans, naval stores, package bees and queens, and hops. In effect, then, marketing agreement programs are limited to the commodities listed.

The procedure for the issuance of a marketing agreement and order is about as follows:

A marketing agreement program is drawn up by the industry, in cooperation with the Department of Agriculture. This program spells out in considerable detail just what is to be accomplished and how it is to be accomplished. It covers, for example, the commodities affected; geographical area; committee organization; regulation of shipments; inspection and certification; compliance; termination and the like. Drafting of the proposed program is followed by a public hearing so as to give all interested parties an opportunity to suggest changes. After the agreement has gone through its final revision, it is submitted to growers and handlers for their approval or disapproval.

Handler approval is indicated if the handler merely signs the agreement. Grower approval is usually ascertained through a referendum. No order can be issued unless the Secretary of Agriculture finds that it is favored by at least two-thirds of the growers, by volume of the product or number of all producers concerned—and cooperatives have the privilege of voting for their members. In addition, half of the handlers must sign the agreement. If two-thirds of the growers approve, but half of the handlers fail or refuse to sign the agreement, the Secretary of Agriculture may nevertheless issue an order with the approval of the President.

Administration of the program is usually vested in a committee of growers or handlers, or one of both growers and handlers. The persons to serve on the committee are elected or nominated by growers and handlers, and appointed by the Secretary of Agriculture. The committee ordinarily employs a manager and staff to carry out the terms of the marketing agreement and order.

Financing is taken care of by assessments upon handlers. The committee plans the budget and the rate of assessment. The committee collects and spends the money. No funds leave the industry, and the committee has complete control of financial transactions.

The industry committee considers all available market information in deciding the type of regulation needed under the marketing agreement. If it is decided that shipments should be limited to a particular grade, a recommendation to that effect is relayed to the Secretary of Agriture. If the Secretary approves the recommendation, he issues an order limiting shipments to the grade specified--and such an order has the full force and effect of law. Application may be made to the Secretary at any time to alter an order if this is to the growers' interest.

Program enforcement is handled jointly by the Department of Agriculture and the Department of Justice. The Department of Agriculture, as administrator of the Agricultural Marketing Agreement Act, furnishes evidence on violations, while the Department of Justice represents the Government in litigation that arises in connection with the program.

A marketing agreement program may become inoperative, either through the wishes of growers and handlers or because the price of the

commodities affected by the order rises above parity. The agreement remains in effect, however, until a majority of the producers signify their desire for its termination and the Secretary of Agriculture issues an order to that effect.

Pros and Cons

Some fairly persuasive arguments have been advanced in favor of actions made possible under marketing agreement programs. Listen to a few of them:

"The supply of any commodity should be geared to the requirements of the market. If the market can absorb 100 carloads of a given commodity each day at a reasonable price to the producer, why ship 150 carloads a day? If commodities are fed into a market in an orderly manner, prices are likely to be more stable and there will be less deterioration and outright food waste.

"Wholesalers and retailers must assume the risk of price changes from day to day. Many dealers insist that they can merchandise more fruits and vegetables with a smaller margin if they are assured or protected against violent price fluctuations. A retailer, for instance, doesn't like to buy a carload of oranges at $5 a box and find later on that supplies are heaviest and prices are $4 a box.

"Let's consider the matter of quality. There is seldom any difficulty in marketing high-quality products. They are always in demand. It's the low quality or the bottom end of the grade that is difficult to sell. Moreover, the presence of low-quality merchandise has the effect of lowering the price for the better product. In many instances off-grade merchandise returns barely enough to cover marketing costs. A marketing agreement program based on quality control is designed to prevent just such things as that. It provides an industry-wide program whereby everybody keeps off the market all products below a given grade. The culls are kept on the farm where they cannot compete with the quality merchandise in the market place. The type or degree of control is geared to the market."

But some people are unconvinced. Here is what they say:

"It's all right to talk about holding your produce off the market. But when some crops are ready for market, they just have to be marketed, and in a hurry--for instance, tomatoes, strawberries, peaches, and the like.

"And what about competition from other areas? Let's suppose for a minute, that New York onion growers have a marketing agreement program. Are they going to feed their onions into the market in an orderly manner while the Michigan and Indiana people ship their onions and skim off all the profit?

"It costs money to grade fruits and vegetables and prepare them for market. Is this investment in time and money going to be well spent? Can you be absolutely sure that the producer will come out on the black

side of the ledger, especially when he is already in trouble, price-wise?"

So the arguments go--both for and against. And as with all arguments, there is something to be said for both sides.

Producers of oranges, grapefruit, and lemons in California have marketed their citrus under marketing agreement and order programs for a number of years. The programs have worked satisfactorily for them, apparently, or they would have abandoned them long ago.

As for competing areas, the Florida citrus industry feels that it is profitable to market under a program--and has done so for 8 years--even though Texas producers have moved their crops without regulations. Bartlett pears are quality controlled in California but not in the Northwest. Tokay grapes are under quality regulations in California, but other varieties and other areas are not.

The chairman of the special committee of the Georgia peach industry testified in 1946 before a congressional committee that the 1941 season was the worst, from a financial standpoint, in the history of the Georgia peach industry, whereas the 1942 season was one of the best. He attributed the difference in the returns from the two crops to the fact that the industry in 1941 did not operate a program, while in 1942 it did.

But marketing agreement programs obviously are not cure-alls; otherwise there would be no abundances of fresh fruits and vegetables. Some programs, frankly, would be impracticable. For example, it would be extremely difficult, if not impossible, to set up one marketing agreement program that would cover all peaches grown in the United States. Experience gained during the past 10 years shows that a good job of administration cannot be done when the program covers a wide area of varying production and marketing conditions. It also is difficult to enforce a program in some areas where products move in all directions by truck. It generally is easier to keep track of what is shipped and where it goes when products move in one direction by rail to more distant points. Regulation of quality is a relatively simple matter, but regulation of volume is extremely difficult. A mass of detailed market information is necessary as a basis for operations, and the procedure for allocating shipment permits among individual producers can become very complex.

Experience shows that marketing agreement programs have a better chance of working successfully if a strong marketing organization, with marketing "know how," is already functioning. The successful functioning of the California-Arizona citrus marketing agreement programs is traceable in no small part to the fact that the growers are members of vigorous cooperatives. Success of a marketing agreement program also depends to a considerable extent upon a realization by the industry that actual regulation must be brought about--that a program means nothing unless it is made to work. Finally, success of a marketing agreement program depends upon detailed research aimed at finding out whether a marketing agreement program will "fit," be suitable, for an industry. The industry itself is in the best position to decide that all-important question.

1946–47 Grain Export Program

By Leroy K. Smith

The grain program is clicking.

Last year the U. S. Department of Agriculture set an export goal of 400 million bushels for the marketing period July 1,1946--June 30, 1947. By March 1, 1947, 300 million bushels of grain had been exported,principally to hunger areas in Europe and Asia.

If the current export rate of about 50 million bushels a month is maintained, the 400-million-bushel goal will have been reached by May 1. And every effort will be made to exceed that goal as much as possible during May and June.

The 1947 winter wheat crop gives promise of reaching a record-breaking 947 million bushels--more wheat than the combined winter and spring wheat crops in many years. In view of this favorable prospect, plans are being made to get 1947-crop exports under way as soon as possible--in June, if the season is as early as it was last year.

Wheat and wheat products, as was the case last year, are in keenest demand by hungry people abroad. Wheat is the grain they are best equipped to handle, the grain from which they get the most nourishment. But it is impracticable for the United States to meet the full 400-million-bushel goal with wheat and flour alone. Our own wheat and flour requirements are large. Thus, the 400-million-bushel goal is divided on the basis of two-thirds wheat and flour, and one-third corn, oats, other grains, and grain products.

The satisfactory status of the export program at the present time is in sharp contrast with the situation last fall, when boxcar shortages and maritime strikes threatened to disrupt schedules. To make up for lost time, shipping rates had to be stepped up and maintained at the new high level. In this move, the U. S. Department of Agriculture has received full cooperation from American farmers,the grain and flour trade, railroad and shipping lines, and other Government agencies, particularly the Office of Defense Transportation and the War Shipping Administration.

A year ago, procurement of wheat for export was the big problem. In the first place,the "claimant" countries were slow in reporting their grain needs. In some instances, requirements were revised -upward--several times. And after purchasing began, it was difficult to complete Government procurement schedules under the existing price ceilings. Speccial bonuses had to be offered, and emergency restrictions imposed, to get the wheat to market.

This year was better. At harvesttime, the Department's Commodity Credit Corporation forehandledly began to buy wheat for export on the basis of what would be needed during the full year. As a result, the Government has shipped or now controls practically enough grain to meet this year's goal.

SOLVENT EXTRACTION METHOD FOR COTTONSEED OIL DEVELOPED

Development of a new solvent method that extracts the oil from cottonseed and also removes the objectionable pigment material in the seed has been announced by the U. S. Department of Agriculture. Removal of the pigment is regarded as an important advance over any previous method of processing cottonseed. The process provides for complete oil recovery, and the recovery of higher quality oil. The meal that remains is lighter colored and unchanged by heating. It promises to have wider use as a protein source, and indications are that it may be better as a feed for chickens and swine.

As a result of wartime developments in the oil situation, several commercial firms are now constructing new plants for solvent extraction. These firms are watching developments in this research with a view to adopting the findings so that their new plants may begin operations with up-to-the-minute equipment.

Discovery Made in Research on Pigments

The discovery originated in an attempt to investigate thoroughly the nature of the cottonseed pigments, the object being to find better methods of removing them from the oil and meal. It was learned that with certain solvent mixtures the "glands" containing the pigment float to the surface of the solvent, from which they can be skimmed off. The gland-free meal settles out of the oil-and-solvent mixture. The solvent is then distilled from the oil and can be used repeatedly.

Heretofore, the cottonseed industry in the United States has made only slight use of solvent methods in extracting cottonseed oil. The usual method of heating and pressing the seed has left about 6 percent of oil in the 2 million pounds of cottonseed meal and cake produced annually. Before the war the Germans, who had developed solvent extraction for many kinds of oil seeds, found it expedient to buy quantities of pressed cake and meal from the United States in order to process it for this 6 percent of oil. They resold the meal as livestock feed. Wartime experience with solvent extraction of soybean oil also influenced plans for postwar developments in solvent extraction of cottonseed.

Discovery of the new process came about while scientists at the Bureau of Agricultural and Industrial Chemistry's Southern Regional Research Laboratory were working to extract a sample of the cottonseed pigments needed for their chemical and physical studies. These laboratory manipulations revealed two essential facts: (1) Substantially all the pigment in the kernel occurs in what are described as glands, the walls of which are not affected by many of the solvents ordinarily used in extracting oil from seeds; and (2) the pigment glands are lighter (have a lower specific gravity) than either the meal or the mixture of oil and the solvent used in extracting the oil.

If the cottonseed kernels are flaked and then violently agitated in the solvent, the pigment glands break away from the other kernel tissues. The solvent is a mixture carefully adjusted so that its specific gravity

is between that of the pigment glands and that of the meal. After the agitation, the whole mixture is allowed to stand until the meal sinks and the pigment glands rise to the surface where they can be removed readily. This leaves both the meal and the oil-and-solvent mixture practically clear of pigment.

An additional advantage of this form of solvent extraction is that it is not necessary to heat the seed, as it is when the oil is extracted by pressure. Heat modifies the natural proteins of the cottonseed, and may render them less desirable for industrial purposes and possibly as a feed.

The U. S. cottonseed industry has made only slight use of solvent extraction of cottonseed. The usual method has been to "cook" and "press" the seed, either in high-power hydraulic presses or, more recently, in screw presses that allow continuous operation. Whatever the method used, extraction has been incomplete.

The development of soybean oil mills during the war showed the advantage of solvent extraction of <u>all</u> the oil, but wartime experiments with cottonseed extraction in soybean mills did not dispose of the pigment problem in cottonseed processing. The pigment remained in either the oil or the meal, or both. Oil purification and clarification was expensive. The pigment made the meal less desirable for industrial uses, such as in plastics, glues, and coatings. Heating the seed made the protein unsuitable for certain uses that require an uncooked or natural protein. The pigment also limited the use of the protein for livestock. And to make it suitable for human consumption called for refinements in processing that were impracticable or undesirable.

Not 1 Pigment, but 11

Working with the liberal supplies of pigment made available by the new process, research men in the New Orleans laboratory soon demonstrated that the substance recovered was not a single pigment, gossypol, as had been supposed. Instead, there were at least 11 related pigments, one of which occurs only when the material is heated. Research on the gossypol complex is being continued with the aim of developing further chemical information and possible practical uses for the substances. The gossypol pigments are related to the phenols, of which carbolic acid is the most familiar example.

Cottonseed used to be regarded as a bothersome waste that piled up at the cotton gins and had to be disposed of at the ginners' expense. Then it began to be used as a fertilizer. As the value of the oil came to be known, the oil mills developed--usually small-scale plants operating only a few months of the year with rather crude equipment and unskilled labor. Increasing use of the oil for shortening and in food, soap making, and for other industrial purposes increased the value of cottonseed and its importance as a part of the cotton crop. Cellulose chemistry, which provided a market for the linters on the seed, led to better equipped mills and reduced their number by half. Development of solvent extraction would probably lead to a further decrease in the number of mills, with corresponding increases in mill capacity.

Reducing In—Transit Egg Damage

By Orvis F. Johndrew. Jr.

Results of 2 years' investigations of egg damage in transit by rail and recommendations for reduction of the high rate of damage were presented at a meeting in February in Washington, D. C. Called by the Poultry Branch of the Production and Marketing Administration, which had conducted the investigations, the meeting was attended by some 80 representatives of producers, manufacturers, shippers, storers, receivers,and the railroads. The investigations included surveys; laboratory, transportation, and cold-storage tests; egg-measurement studies; studies in railroad switching yards;and analyses of inspection and grading records.

Conclusions

The causes of damage in shipment by rail may be divided between (1) rough handling at shipping, storing, and receiving points, and (2) rough handling in transit. The first type occurs when egg cases are dropped, thrown, or struck. Usually affecting only the single case of eggs, this kind of damage amounts to only a small proportion of the total damage occurring to rail-shipped eggs from the time they are packed at the point of origin until they are examined at destination. The second type of damage includes all that results while the car is in motion. By far the greatest damage of this kind comes during switching. Because many cases of eggs usually figure in this type of damage, it is the type that must be concentrated on if damage in general is to be reduced materially.

Among the factors that determine the extent of damage in transit are the following:

1. The loading and bracing of the car. This includes tightness of the load, method of loading, and type of buffer used.

2. The egg case. This includes size and condition of case. For wooden cases it includes kind and quality of wood used, and for fiber cases it includes construction, design, and the quality of board.

3. The inner packing materials. For fillers, this includes depth, quality of material, and caliper of material. For flats, it includes quality of material, caliper, and moisture resistance.

4. Assembly of the egg case. For wooden cases this includes type, size, and kind of nails used;number of nails used and their spacing; and manner of assembling. For fiber cases it includes closure, and spacing and number of stitches.

5. The packing of the eggs. This includes case, size of eggs, and the way fillers are placed on flats in the case.

6. The train. This includes train length, speed, number of starts and stops made, and position in the train of the car carrying the eggs.

7. The egg car. This includes age of car,its condition, size, and construction, and the number of times it is switched during the trip.

8. The stiching yard. This includes facilities and equipment of the yard, its size, and number of cars to be switched.

9. The soundness of the egg shell.

10. The size and shape of the egg.

(In addition to these 10 damage factors, about which something can be done, there are 2 factors about which little obviously can be done. These factors are, first, the position of an egg in the case,and second, the position of the case in the car.)

Although many of the factors contribute to both types of damage, there are three that relate only to damage occurring while the car is not moving. They are, first, the number of times a case of eggs is dropped, thrown, or walked on; second, the number of times a case is inspected; and third,the methods and equipment used in packing and loading the eggs.

Of the factors contributing to damage while the car is in motion, the most important under present handling conditions seem to be loading and bracing (1 above) and inner packing materials (3). To put it another way,if inner packing materials of the kind now used continue to be used, if the cases are stowed and braced tightly in cars, and if cars are always handled carefully in transit, the damage rate would be at a minimum. But since cars and cases are <u>not</u> always handled carefully and cars are <u>not</u> always loaded and braced properly, more emphasis will have to be put on inner packing materials if damage is to be reduced.

Recommendations

Based on the tests and conclusions, the following recommendations were made:

1. Under existing conditions, filler walls and tips should be made stronger.

2. No fillers should be less than 2 5/16 inches deep. At least one company is making fillers 2 7/16 inches deep, a depth strongly recommended for packing a large percentage of extra-large eggs (45 pounds or more to the the case).

3. Flats should be made stronger and with greater moisture resistance.

4. The lumber for cases must be well seasoned. Maximum moisture content for sawed wood should be 18 percent; for veneers, 15 percent.

5. All egg cases, whether fiber, wood, or wirebound, should have the same inside dimensions. For fillers 2 5/16 inches deep, each com-

partment should be 11 3/4 inches long, 11 3/4 inches wide, and 12 3/4 inches deep. (For fillers 2 7/16 inches deep, the inside would have to be at least 13 1/2 inches deep.)

6. Standard specifications and dimensions should be adopted for domestic sawed wood and veneer cases, and export sawed wood and wirebound cases.

7. The outside dimensions of fiber egg cases should be standardized, insofar as possible.

8. The moisture resistance of fiber egg cases should be increased, when materials are available.

9. All wooden cases must be assembled properly, with center partitions in the center, all parts squared and evened, and the right number of nails properly spaced (3-penny, cement-coated, large-headed nails for domestic cases; 4-penny nails for export cases).

10. All fillers must be placed in each compartment of the case with the solid upper parts of the walls facing the ends and the center partition.

11. All eggs must be placed in the fillers with large ends up.

12. All cases must be stowed in the railroad car tightly. (A pressure board and tightener will help.)

13. Baled straw should be used to buffer cases in the car. Straw will reduce breakage, and at destination it is much easier to remove than racks.

14. Cars should preferably be loaded four tiers high.

15. For every car, the railroads should furnish four signs, each bearing the word "EGGS" in large letters on a white background. The signs should be large enough to see and read easily, and two should be placed near the top of the ladder on each side of the car. All of these signs must be removed by the receivers.

The meeting produced three suggestions on how to get the best results from the recommendations:

The first suggestion called for a meeting of a committee of representatives from the railroad classification committees, manufacturers, shippers, warehousemen, and receivers, to discuss and write the proposed specifications, and rules and regulations, in a way that will meet the capabilities of shippers, manufacturers, and other affected persons throughout the country. The proposed specifications and regulations should then be presented for consideration at the regular freight classification hearings. The initiative for forming the committee should come from the classification committee.

The second suggestion was that if sound and specific regulations are to be of any value, the Consolidated Freight Classification must be rigidly enforced.

The third suggestion called for formation of a committee to give instructions in proper egg packing and loading at those origin points from which carloads of eggs continually arrive at destination badly damaged. This committee should be organized and directed by the proper railroad agency.

At the Washington meeting, the PMA Poultry Branch asked representatives present to acquaint their own organizations with the recommendations insofar as they apply. For its part the Poultry Branch will continue the studies now in progress, and will disseminate the results by mail and through mimeographed reports, trade papers, magazines, and posters.

As the Washington meeting ended, industry delegates present recommended--

Establishment of an industry committee to consider immediate and longtime problems and to develop a specific program for reducing egg losses in shipments by rail;

Continuation by USDA of its investigations of egg losses and its study of how to reduce them by making changes in egg cases and inner packing materials; and

Adoption of size and material standards for the manufacture of wood and fiber egg cases and inner packing materials.

The meeting also endorsed the calling by the Institute of American Poultry Industries of a conference of breeding improvement agencies, including colleges, to consider ways and means of reducing the volume of oversize eggs and to develop greater uniformity in egg sizes.

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APRIL PLENTIFUL FOODS LIST

The following foods are expected to be in plentiful supply throughout the greater part of the United States during April 1947: Potatoes; fresh and processed citrus fruit; dried peaches; peanut butter; eggs; fresh and frozen fish (excluding shellfish); and heavy tom turkeys.

Unusually large stocks of in-shell walnuts are reported to be in the hands of distributors in the States east of the Mississippi River and north of the Ohio River and Mason and Dixon's line.

In the use of this list, the local availability of each item should be verified.

Seeds for 1947 Crops

By Grace E. M. Waite

This is the time of year when farmers and home gardeners who have not already bought their seed are asking,"How about the seed supply this year? Are we going to have all the field and vegetable seeds we'll need? Have we a large carry-over? What about seed imports and exports? How will prices be?"

Field Seeds

As regards supply, let's look first at field seeds, including clovers, lespedezas, and grasses for hay and cover crops. Total production of the 26 kinds of field seeds on which production estimates are made amounted to more than 761 million pounds in 1946(to produce 1947 crops). This production compares with 671 million pounds in 1945, and 706 million pounds for the 1940-44 acreage.

The current supply (1946 production plus carry-over and imports since last July) is about 937 million pounds. This is generally adequate for most seeds, but the supply of domestic sweetclover seed is about 20 percent below the usual level.

In the U. S., the two most important field seeds are alfalfa and red clover. In the average year we use 85 million pounds of seed to produce red clover for hay, pasture, and for turning under; and 70 million pounds to produce alfalfa, mostly for hay.

Between July 1, 1946, and January 31, 1947, we imported 6.8 pounds of alfalfa seed, including about 5.1 million pounds from Argentina and nearly 1.5 million pounds from Canada. Seeds of vetches and red, white, crimson, and alsike clovers are still under controls. Although U. S. civilians will receive the bulk of the supply, quotas have been allotted to the Army, UNRRA, and a number of countries eligible for oommercial exports.

In 1946, exports of 12 kinds of field seeds--including alfalfa,clover, •and grass--amounted to more than 40 million pounds. These seeds went principally to Greece, Austria, Italy, France, and Yugoslavia.

Prices of field seeds are generally higher this year than last. They are lower for some seeds, including orchard grass, Korean lespedeza, rapeseed, and white and ladino clover. But prices of seeds for alfalfa,red clover, alsike clover, and sweetclover have increased from 5 to 30 percent in a year.

Vegetable Seeds

As for vegetable seeds, production in 1946 amounted to about 255 million pounds of large seeds and about 13 million pounds of small seeds. (Because vegetable seeds vary greatly in size, they are divided for sta-

tistical purposes into "large" seeds, including beans, corn, and peas, and "small" or light seeds, including all the other vegetable seeds.) This total 1946 production of 268 million pounds compares with about 225 million pounds in 1945 and 282 million pounds for the 1940-44 average. The current supply of vegetable seeds should fill our needs with something to spare.

Heavy imports of vegetable seeds this year are not expected. In 1946, we raised less spinach seed than in 1945, and less than a fifth as much as in 1944. Consequently, it has been necessary to import about 1½ million pounds since July 1, 1946, to eke out our supplies.

Federal Seed Act

So much for the quantity of our seed supply. What about its quality? Will the vegetable and field seeds be free from weed seeds? What portion of the seeds will be true as to kind and variety?

The hazards implied in these questions have been largely overcome by the correct labeling requirements of the Federal Seed Act and of the work of the State and Federal seed law enforcement agencies. To protect 1947 crops, the U. S. Department of Agriculture will test approximately 2,000 representative samples of vegetable seeds. Last year, after checking 1,774 samples of vegetable seeds from 83 seed companies, the Federal seed law enforcement agency found that 14 percent of the samples did not bear out the claims of their labels.

Of 586 violations involved in complaints reported to the Federal Government by State officials for investigation and prosecution under the act during the 12 months ended last June 30, 28 percent concerned the germination of field and vegetable seeds; 18 percent concerned noxious weed seeds; 18 percent, purity; 6 percent, failure to label; and 4 percent, "fake" advertising.

Since 1940, when the seed act became effective, farmers have been able to get higher quality seed and consequently to grow better crops. The act requires that the field and vegetable seeds shipped in interstate commerce be correctly labeled as to kind and variety, purity, germination, and in other respects. It also prohibits importation of agricultural and vegetable seeds that do not meet specified quality standards, and of screenings and lots of seeds containing noxious seeds. Correct labeling is required by the laws of each State of seeds sold in that State. The Federal Seed Act supplements these laws by requiring complete labeling of seeds moving in interstate commerce.

Imported seed also came in for its share of attention under the Federal Seed Act. Of the approximately 70.5 million pounds of seeds offered for importation during the year ended last June 30, 60.3 million pounds were released as offered and 7 million pounds were released after they had been put into admissible condition by staining or recleaning.

Seed of any particular kind are likely to be produced in a number of more or less widely separated areas, and to estimate the year's supply

of all seeds was too big a job for any one seed concern. The Federal seed reporting service began operations in 1917, during World War I, by making available certain information on the supply, movement, quality, and prices of leading field seeds. Between 1917 and 1923, and from 1940 onward,the service also reported the acreage, production, and carry-over of many kinds of vegetable seeds.

Here is how the service works. Every fall, the rural mail carriers distribute to farmers thousands of schedules containing questions on the acreages of many crops, including some of the principal hay crops. About harvesttime for the various field seed crops, special requests are made for the dates when harvesting will begin and for figures on the acreage harvested, the acreage harvested for seed, the seed yield per acre, and the grower's seed carry-over. Schedules go also to country shippers--grain-elevator and filling-station operators, and dealers in hardware, implements, feed, and retail seeds, who often buy seed from growers as a side line.

Meanwhile, traveling USDA representatives gather data as the basis for forecasts on acreage, yield per acre, production, cleaning losses, and farm carry-over. Monthly reports give the percentage of each important kind of field seed sold by growers in leading production areas, and the prices the growers have received. Other surveys supply data on dealers' carry-overs and their disposition of important kinds of seeds produced during the preceding year.

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MEAT GRADING UP FROM PREWAR

Several times more meat is being sold by Federal grades now than before the war, according to USDA, which estimates that about 60 percent of the commercial output of beef, veal, lamb, and mutton is being sold that way.

Official U. S. grades for beef are U. S. Prime, Choice, Good, Commercial, Utility, Cutter, and Canner. Official U. S. grades for veal, lamb, and mutton are U. S. Prime, Choice, Commercial, Utility, and Cull.

Use of these grades assures consumers an established quality of meat at prices in line with the quality specified. It makes purchasing easier and more economical for public institutions, hotels, restaurants, food chains, wholesalers, and retailers,who can be sure of getting quality without the necessity of personal examination.

The present use of the meat grading service is several times greater than before the war despite the fact that it is considerably less than from late 1942 until October 1946,during which time Federal grading was compulsory and necessary in order to assist OPA in determining ceiling meat prices. During the compulsory period the grade letters AA, A, B, and C were used to provide isolated packers and local slaughterers with a way to identify grades when USDA could not provide the service.

PRODUCTION AND MARKETING ADMINISTRATION
FUNCTIONS REALINED EFFECTIVE APRIL 1

Realinement of USDA's Production and Marketing Administration, which is expected to provide for more effective administration of the agency's four main types of responsibility--production, marketing, Commodity Credit Corporation, and Federal crop insurance--becomes effective April 1, 1947.

Besides an administrator and a deputy administrator, the action provides for three assistant administrators--one each for production, marketing, and the Commodity Credit Corporation.

State and county PMA offices and committees are the key units for formulating policies and programs, and for carrying out programs requiring farmer participation assigned to these offices for administration. The latter programs include: (1) Agricultural conservation and adjustment, farm marketing quotas, crop insurance operations as assigned, sugar payment, and related production programs; (2) school lunch, direct distribution, and marketing programs as assigned; and (3) price support, loan, subsidy, purchase, sale, and related CCC operations as assigned; and (4) other PMA programs requiring direct dealings with farmers.

Nine commodity branches are designated: Cotton; Dairy; Fats and Oils; Fruit and Vegetable; Grain; Livestock; Poultry; Sugar; and Tobacco. These branches will formulate programs--for final action by the administrator or the Secretary of Agriculture--concerning production, adjustment, farm marketing quotas, marketing, distribution, processing, diversion, subsidy, price support, loans, purchase, import, and export. The branch will study the State office determinations and recommendations and initiate recommendations regarding the programs for consideration by the State offices prior to final formulation and determination by the administrator or the Secretary.

The branches will also conduct marketing research, investigations, and development work including assigned activities authorized under the Research and Marketing Act of 1946 and other statutes to effect improvements in handling, packaging, standardization, processing, inspection, and development of new products, processes, and uses. In addition, they will conduct marketing agreement and order programs, service and informational programs in connection with market news and other programs, and administer most of the PMA regulatory acts.

Functional branches provided for in the new alinement, their names generally explaining the work to be done in them, are: Agricultural Conservation Programs; Labor; Food Distribution Programs; Marketing Facilities; Price Support and Foreign Supply; Shipping and Storage; and Fiscal.

The Federal Crop Insurance Corporation will administer the crop insurance program under the Federal Crop Insurace Act, as amended. This corporation is authorized to make such use of the PMA State and county offices as is required.

PMA and its officers and employees will perform such duties for the Commodity Credit Corporation as are assigned to them in the CCC bylaws or as are directed by the CCC board of directors or the Secretary of Agriculture.

Necessary PMA administrative, management, and service functions are to be performed, as assigned, by the branches, or by such additional branches or staff offices as the administrator may establish.

Each of the three assistant administrators will direct generally, in each of the nine commodity branches, the kinds of activities for which he is responsible. General direction of the other established branches is divided among the assistant administrators as follows: Assistant Administrator for Production--Agricultural Conservation Programs Branch, and Labor Branch; Assistant Administrator for Marketing--Food Distribution Programs Branch, and Marketing Facilities Branch; and Assistant Administrator for Commodity Credit Corporation--Price Support and Foreign Supply Branch, Shipping and Storage Branch, and Fiscal Branch.

The following former PMA branches and staff offices have been abolished: Materials and Equipment Branch; Special Commodities Branch; Office of Foreign Programs Coordination; Office of Price; Office of Requirements and Allocations; and Office of the Transportation Officer. The continuing functions of these branches and offices is transferred to other PMA branches or officers.

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ATLANTIC STATES DIVISION OF NAMO
TO MEET IN WASHINGTON APRIL 22, 23

The Atlantic States Division of the National Association of Marketing Officials will meet at the Department of Agriculture, Washington, D. C., April 22 and 23. W. L. Cathey, director of the Georgia Bureau of Markets and chairman of the Atlantic States Division, NAMO, will preside.

C. W. Kitchen, executive vice president of the United Fresh Fruit and Vegetable Association, during the morning session of April 22 will discuss "New Developments in the Fresh Fruit and Vegetable Industry." Various aspects of the Research and Marketing Act of 1946 will be covered during the afternoon session by J. B. Gilmer, E. A. Meyer, R. W. Trullinger, S. R. Newell, and H. M. Southworth--all U. S. Department of Agriculture officials. Fain G. Cesar, H. A. Dwinell, R. B. Etheridge, and F. C. Gaylord--representing NAMO--also will discuss the act.

Three addresses are scheduled for April 23. J. S. Larson, USDA, will speak on "Recent Developments Relating to Market Facilities"; William C. Crow, USDA, on "Identification and Preservation of Quality of Food From Producers to Consumers"; and Porter R. Taylor, American Farm Bureau Federation, on "Proposed Legislation Providing for Marketing Agreements."

Advisory Committees.--USDA has announced the formation of advisory committees as follows: Cotton; Citrus Fruit; Deciduous Fruit; Dairy; Livestock; Potato; Rice; Wool; and Transportation. Purpose of these committees--and of others yet to be formed--is to study the need for research and marketing services, and to assist the Secretary of Agriculture and the National Advisory Committee in developing plans and work in connection with the Research and Marketing Act of 1946.

Cotton.--Procedures for organized cotton improvement groups in obtaining free cotton classification and market news service in 1947 under the Smith-Doxey Act have been announced. Groups must organize, adopt a variety of cotton, file applications, arrange for sampling, and meet certain other requirements in order to become eligible.... The export differential applicable under terms and conditions of the cotton sales for export program of April 1946 has been reduced from 4 to 2 cents a pounds of cotton, gross unpatched weight.

Dairy Products.--USDA has announced a further step in its price support program for nonfat dry milk, effective March 6 through June 30. Market prices of the product will be supported by Commodity Credit Corporation purchases on the open market at 10 cents a pound for spray process and 9 cents a pound for roller process nonfat dry milk. Both types must be U. S. Extra grade in export containers.

Fats and Oils.--Between January 14 and February 18, 1947, USDA made the following emergency export allocations of oil cakes and meals: Belgium, 25,000 long tons; Denmark, 10,000; Eire, 5,000; Finland, 5,000; France, 25,000; Netherlands, 20,000; Norway, 10,000; Sweden, 10,000; total, 110,000 long tons. The allocations are good for the first 6 months of 1947.... An agreement has been reached with the Argentine Government for CCC purchase of 40,000 metric tons of linseed oil, deliverable in February, March, April, and May. CCC is buying the oil for the account of American crushers who normally import flaxseed and linseed oil.... Import controls have been lifted from tung oil.

Concentrated Orange Juice.--USDA has announced completion for the 1946-47 fiscal year of its purchase program in Florida of concentrated orange juice for use in the National School Lunch Program. Total purchases (all during January and February 1947) amounted to 755,386 gallons.

Grain.--Loans will be made on top grade blue lupine seed, produced in 1947, to producers at the base rate of 4 cents a pound--1 cent a pound less than last yeear.... Effective March 1, brewers may use unlimited quantities of all grain and grain products except wheat, rice, and their products.... Emergency allocations of 220,000 bags (100 pound) of dry edible beans have been announced. Under the allocations Italy will receive 88,000 bags; the United Kingdom, 66,000; Austria, 44,000; and Greece, 22,000.... Effective June 1, 1947, the U. S. official grain standards will be amended to include a special grade for "medium heavy" oats. The special grade applies to "oats of any class of Grades 3, 4, or Sample which have a test weight per bushel of 30 pounds or more, but

less than 35 pounds."... USDA has announced that the farm price of 1947-crop soybeans grading U.S. No. 2 and containing 14 percent moisture will be supported at $2.04 a bushel for green and yellow varieties, and $1.84 for brown, black, and mixed varieties.

Eggs.--The USDA 1947 program for the purchase of dried whole eggs has been extended in order to obtain an additional 13 million pounds for the United Kingdom.

Canned Fish.--War Food Order 44, under which a portion of the canned fish pack has been set aside for Government purchase, has been terminated effective March 9.

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PAYMENT DISCONTINUED ON COTTON INSURANCE LOSS CLAIMS

Secretary of Agriculture Clinton P. Anderson announced March 11 that the Federal Crop Insurance Corporation was notifying its field offices to discontinue payment of 1946-crop cotton loss claims under the crop insurance program, effective immediately.

The action was necessary because funds available for paying claims under this part of the general crop insurance program had been exhausted. Cotton loss claims on 1946 production have run far beyond any preliminary estimate. Premiums earned for 1946-crop cotton insurance ran to about 42 million pounds, whereas total loss claims are estimated at three or four times this amount.

Legislative provisions under which crop insurance is operated require insurance to be made available to all cotton producers. USDA officials point out, however, that under present circumstances cotton loss payments cannot be continued until additional funds are appropriated.

The action did not affect loss payments for other insured crops (wheat, flax, corn, and tobacco). Payment of approved loss claims will be continued for these commodities. Premiums collected for this group in the insurance program are said to be adequate to meet all claims.

More than half of the 1946 cotton loss claims had been paid, it was estimated. Field offices of the Crop Insurance Corporation were to continue to adjust, accept, and process additional claims under the program. A thorough investigation of the whole question of cotton loss claims, particularly in the areas of heaviest reported losses, was to be undertaken at once under the immediate direction of Secretary Anderson. Although it is recognized that 1946 cotton production was below normal, the investigation will cover reason for the very high number of loss claims in some areas, and the amount of losses claimed. Secretary Anderson named Ralph S. Trigg, PMA deputy administrator, to organize a special investigational group and to head its activities in the field.

ABOUT MARKETING:

The following addresses and publications, issued recently, may be obtained upon request. To order, check on this page the publications desired, detach and mail to the Production and Marketing Administration, U. S. Department of Agriculture, Washington 25, D. C.

Addresses and Statements:

Walk With the Light, by Clinton P. Anderson, Secretary of Agriculture, Los Angeles, Calif. February 24, 1947. 12 pp. (Mimeographed)

Business Cycles and Cigar Consumption, by Chas. E. Gage, Director, Tobacco Branch, PMA, New York, N. Y. January 21, 1947. 5 pp. (Mimeographed)

The School Lunch Program and Your Business, by Marcus J. Gordon, Food Distribution Programs Branch, PMA, before the Senate Banking and Currency Committee. February 27, 1947. 5 pp. (Mimeographed)

Publications:

Let's Look at Price Supports. (PMA) February 1947. 6 pp. (Multilithed)

Interrelation of Color Specifications. (PMA) February 1947. 45 pp. (Mimeographed)

The Sugar Program of 1946. (PMA) 3 pp. (Printed)

The 1946-47 Fertilizer Program. (PMA) January 1947. 10 pp. (Mimeographed)

U. S. Standards for Fresh Tomatoes. Effective February 5, 1947. 8 pp. (Mimeographed)

Agricultural Outlook Charts, 1947. Book II, with tables. (Bureau of Agricultural Economics) December 1946. 122 pp. (Multilithed)